

Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

November 2006

Cheddar Cheese Commodity Prices On the Rise . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity price for Grade A Butter decreased, however the Cheddar cheese price showed an increase compared to last month. Consequently, the prices for all types of milk increased slightly: whole milk increased two and two tenths cents per gallon; reduced fat milk increased three and no tenths cents per gallon; lowfat milk increased three and six tenths cents per gallon; and skim milk increased three and three tenths cents per gallon.

**See lowest reported lawful retail milk prices on page 2.*

Milk production across the U.S. continues to be steady and strong as the country prepares for the upcoming winter weather season. Demand for dairy products is high and supplies are tight. Some processors are pulling milk away from cheese production because they are getting a better return for milk used as butter and powder: creating a very tight cheese supply. As the holiday season approaches, egg nog, sour cream and dip makers are claiming much of the cream supply.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for December 2006

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Northern California						
Whole	\$1.147	\$0.573	\$0.287	\$0.143	\$0.096	\$0.072
Reduced Fat 2%	\$1.054	\$0.527	\$0.263	\$0.132	\$0.088	\$0.066
Lowfat 1%	\$1.001	\$0.500	\$0.250	\$0.125	\$0.083	\$0.063
Nonfat (Skim)	\$0.758	\$0.379	\$0.190	\$0.095	\$0.063	\$0.047
Southern California						
Whole	\$1.170	\$0.585	\$0.293	\$0.146	\$0.098	\$0.073
Reduced Fat 2%	\$1.078	\$0.539	\$0.269	\$0.135	\$0.090	\$0.067
Lowfat 1%	\$1.024	\$0.512	\$0.256	\$0.128	\$0.085	\$0.064
Nonfat (Skim)	\$0.783	\$0.391	\$0.196	\$0.098	\$0.065	\$0.049

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.022	\$0.011	\$0.005	\$0.003	\$0.002	\$0.001
Reduced Fat 2%	\$0.030	\$0.015	\$0.007	\$0.004	\$0.002	\$0.002
Lowfat 1%	\$0.036	\$0.018	\$0.009	\$0.004	\$0.003	\$0.002
Nonfat (Skim)	\$0.033	\$0.016	\$0.008	\$0.004	\$0.003	\$0.002

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
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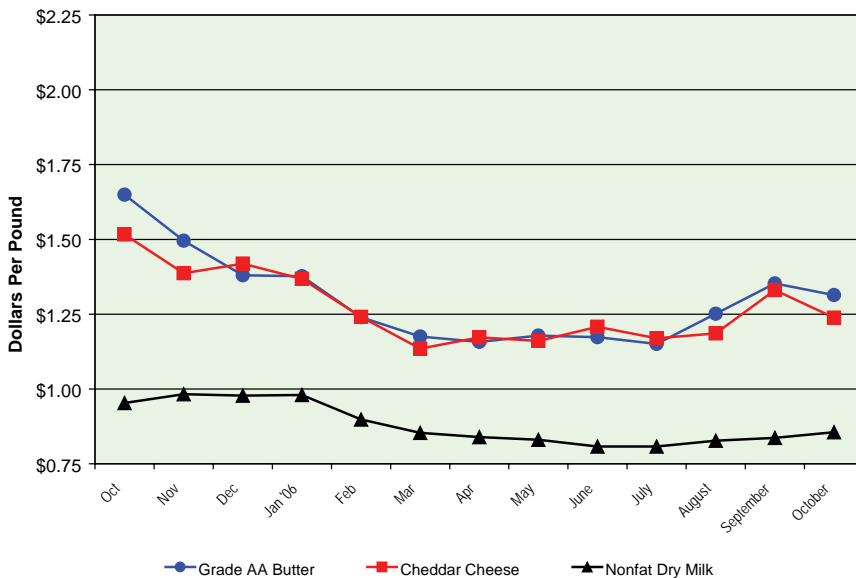
Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
November	\$0.23	\$1.59	\$0.61
December	\$0.23	\$1.50	\$0.58
January '06	\$0.23	\$1.50	\$0.58
February	\$0.22	\$1.35	\$0.52
March	\$0.22	\$1.35	\$0.52
April	\$0.19	\$1.17	\$0.45
May	\$0.19	\$1.17	\$0.45
June	\$0.19	\$1.14	\$0.44
July	\$0.19	\$1.14	\$0.44
August	\$0.18	\$1.13	\$0.44
September	\$0.18	\$1.13	\$0.44
October	\$0.19	\$1.24	\$0.48
November	\$0.19	\$1.24	\$0.48

National Commodity Prices October 2005 - October 2006



Lowest Reported Lawful Retail Prices for Milk November 2006

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.39	\$2.20
Reduced Fat	\$4.19	\$2.10
1% Lowfat	\$4.19	\$2.10
Nonfat/Skim	\$3.49	\$1.75
<u>Southern California</u>		
Whole Milk	\$4.29	\$2.15
2% Reduced Fat	\$3.99	\$2.00
1% Lowfat	\$3.99	\$2.00
Nonfat/Skim	\$3.29	\$1.65

This newsletter can also be found on our website at:
www.cdffa.ca.gov/dairy/milkpricing-nl.html

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at dairy@cdffa.ca.gov, or by contacting TDD 1-800-735-0193.

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